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Treasurer Frerichs Identifies Office Challenges, Shares Plans to Help Families Succeed

Education, Access and Opportunity Can Restore Faith in Government

SPRINGFIELD – Illinois State Treasurer Michael Frerichs today released a 100-day report that includes initial accomplishments and outlines steps to strengthen families and restore faith in government.

The report identifies five proactive items the Treasurer's Office has launched since taking office in January. It also includes an independent performance review by Plante Moran that identifies inherited challenges and potential resolutions.

"My plan for the next four years focuses on what the State Treasurer's Office can do to ensure working families have the tools they need to succeed," Frerichs said. "We must make sure everyone has the education, access, and opportunity to achieve their dreams."

The action plan to restore faith and trust in the Treasurer's office includes:

- Frerichs issued Executive Order 15-01 that created an Employee Bill of Rights. The action set clear expectations that prohibit political activity while at work or using taxpayer-supported equipment. The order also outlined a reporting mechanism for workers who felt pressured to do political work. The action was necessary in the wake of allegations that political work and soliciting donations were expected during a previous administration.
- The Treasurer's Office is introducing Secure Choice, the retirement-investment tool for workers whose employers do not provide one. More than half of all Illinois workers lack access to employer-based retirement plans. Changing this dynamic will allow workers to retire with dignity and lessen reliance on public assistance.
- Financial education programs are being re-established, especially for young people. The programs need to use innovative techniques to impart the best tools to manage money, create wealth, and plan for the future.

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- The Treasurer's Office plans to ensure families from every socioeconomic background receive information to start saving for their children's college or trade school. Studies show that students who know they have a college savings plan are seven times more likely to attend. Educational attainment also is the best predictor of employability. Obtaining a college degree or trade school certification shows employers a worker that can adapt to changing market forces. This helps grow our economy.
- Issued a Request for Proposal (RFP) for firms interested in managing the 529 Bright Directions program. The RFP includes weighted evaluation criteria for bidders who are Illinois-based and embrace diversity through hiring minorities, women, persons with disabilities and Veterans. Illinois is believed to be the first in the nation to include such scoring in a 529 RFP.

Through independent analysis and staff interviews, Plante Moran identified a number of existing challenges facing the office. Among these challenges:

- A "clout-heavy" paid internship program with no formal written policies and procedures for the recruitment or management of intern participants. The internship program also lacked performance monitoring mechanisms.
- The college savings scholarship program, which creates scholarship accounts awarded by the State Treasurer, is in desperate need of a complete overhaul. Although hundreds of scholarships have been awarded, these scholarships are absent of basic rules governing proper record keeping, management, and distribution. New policies and procedures need to be set to restore the integrity of the scholarship program and ensure a fair, transparent process.
- The State Treasurer is mandated to manage the state's unclaimed property. Reviews from previous years identified inadequate inventory controls, noted a limited view of inventory for security cameras, and underscored issues relating to the timeliness of recording property, advertising property for auction, responses to filing extension requests, and sales of securities.
- Home-based workers lack adequate supervision, incur higher travel reimbursement costs than office-based employees, and are not geographically located effectively.

The Treasurer's Office continues to assist in the defense of a lawsuit filed against the previous administration. Frerichs is not a named party to the suit that alleges a work atmosphere with pressure to do political work. The defense of the lawsuit has precluded Frerichs from releasing an internal investigative report conducted as a result of the allegations. Frerichs remains committed to releasing the report at the conclusion of the lawsuit, or when disclosure would not risk public tax dollars, whichever comes first.

"A 100-day report is not a final report card. It is a high-level review to identify what we can build upon and what needs to be improved," Frerichs said. "Although troubled by the negative findings, I am encouraged that there are clearly defined paths to improve education, access, and opportunity to assist working families. Cooperating with people and local governments so they know how these programs can assist their communities is the first step I can take to help return Illinois to prosperity."

"I also must thank Plante Moran. Their diligence and attention to detail were invaluable. Their work will lead to greater efficiencies, save taxpayer money, and help us succeed in serving the families of Illinois."

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About Plante Moran

Plante Moran is a large, Midwestern-based accounting and consulting firm with offices in Illinois, Michigan and Ohio. It is ranked 13th nationally in size and 6th largest in the state of Illinois. The company specializes in various industries, including government. It has a deep understanding of the unique accounting, financial, operational and technology needs of government organizations.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$25 billion. Currently, the portfolio includes \$13 billion in state funds, \$7 billion in college savings plans, and \$5 billion on behalf of state and local governments. The investment approach is conservative to ensure the preservation of principal and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois' incorporation in 1818. Voters in 1848 chose to make it an elected office.

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